UNITED NATIONS DEVELOPMENT PROGRAMME

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Country and intercountry programming and projects

COUNTRY PROGRAMME OF THE GOVERNMENT OF

SRI LANKA

Note by the Administrator

Programme period	IPF for 1977-1981: $31.5 million
1977-1983	IPF resources for 1982-1983: $16.0 million

I. Nature of the programming exercise

1. The programming exercise was conducted over a 12-month period, starting early in 1979, concurrently with the finalization of the Government's 1979-1983 Public Investment Programme. The Department of External Resources, Ministry of Finance and Planning, was responsible for the preparation of the Programme, with the support of its National Planning Department, and in consultation with the development ministries, departments and agencies. The organizations in the United Nations system assisted in the exercise, by their personnel - either resident or visiting Sri Lanka on mission - and by their headquarter country briefs and sectoral analyses. The methodology adopted for the preparation of the second country programme involved the following major steps:

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(a) Evaluation of the first country programme to identify the areas in which UNDP assistance had been most effective, with a view to eliminating or reducing shortcomings in the formulation and implementation of the second programme;

(b) Appraisal of the Government's technical co-operation requirements, in consultation with the concerned development ministries and planning authorities, to determine priority areas and activities for which external assistance would be required;

(c) Assessment of all ongoing projects to determine their future duration and requirements, and what changes might be needed in their design, objectives and activities;

(d) Selection of projects for inclusion in the second programme by the Government, in consultation with UNDP;

(e) Examination and consideration of comments from the Executing Agencies and UNDP headquarters on the draft programme.

2. The UNDP office was closely associated in this process and, drawing upon resources available from the Specialized Agencies and organizations of the United Nations system, provided assistance to the Government at the various stages of the country programme's formulation.

II. Assessment of the previous country programme

3. The first country programme consists of more than 260 projects, utilizing $17.8 million in UNDP resources, and distributed over a wide range of development activities. Sectoral distribution, which particularly reflected priorities contained in the Government's five-year development programme (1972-1979), is shown in table 1 below:

Table 1

Sectoral distribution of expenditures 1972-1976
(in $'000)

	Planned		Actual	
	$	Per cent	$	Per cent
Agriculture	6 244	44	7 130	40
Infrastructure	4 813	34	6 230	35
Human resources	2 305	16	3 026	17
Industry	557	4	1 068	6
Natural resources	360	2	356	2
	14 279 a/	100	17 810 b/	100

a/ Excludes unprogrammed balance of $721,000 (5 per cent of $15 million allocation).

b/ Reflects full $15 million allocation plus $2.8 million over-expenditure.

4. As may be noted, the planned and actual distribution by sector remained remarkably close to each other in percentage terms, although actual expenditures exceeded those originally programmed by more than $3.5 million. This difference resulted from the fact that $721,000 or 5 per cent of the original IPF allocation, was left unprogrammed in anticipation of future needs, while project deliveries exceeded the original allocation by $2.8 million.

5. Although agriculture received the most UNDP assistance, programming was linked to a significant extent with pre-investment activities which produced feasibility studies and project proposals. These led to World Bank as well as bilateral funding, while UNDP inputs also helped in the implementation and utilization of capital investment. A major portion of UNDP assistance was devoted to the establishment or strengthening of Government institutions important for development. Technology transfer and manpower development were given specific attention.

6. As will be noted from table 2 below, more than one half of the first programme resources were devoted to expert services. The average annual expenditure for equipment in the final two years of the cycle ($1.2 million) approximately equalled the total expenditure for equipment in the first three years. Expenditures for subcontracts rose steadily from $137,000 in 1972 to $1.1 million in 1976, and a similar though less dramatic trend was noted in expenditures for training (from $175,500 in 1972 to $605,500 in 1975).

Table 2

Distribution of resources by component: 1972-1976
(in $'000)

	1972	1973	1974	1975	1976	Total	(Per cent)
Personnel	2 038	1 885	1 518	2 215	2 073	9 729	54.0
Subcontract	137	349	232	450	1 110	2 278	12.5
Training	175	312	588	605	396	2 076	11.5
Equipment	334	427	535	1 371	1 041	3 708	20.5
Miscellaneous	41	38	52	91	58	280	1.5
	2 725	3 011	2 925	4 732	4 678	18 071 a/	100.0

a/ Includes $261,000 (1.4 per cent) from Programme Reserves, not funded from IPF resources.

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III. Relation of the country programme to national development objectives

7. The Government's 1979-1983 Public Investment Programme seeks to achieve: (a) a large-scale expansion of employment; (b) a higher rate of over-all growth with increased savings and investment; (c) progressive improvement in the balance of payments, and (d) safeguarding of the living standards of the poor. The achievement of these goals is predicated on the availability of considerable resources in the form of unutilized educated manpower, unexploited land, water and power supplies, and untapped capacities in different branches of the economy. With a view to maintaining flexibility, the Programme is conceived in a "rolling" framework, whereby it will be reviewed and adjusted as necessary at the end of each year.

8. In this context, the Government has identified three lead projects - the accelerated Mahaweli Development Programme, the Free Trade Zone Development and the Urban Renewal and Housing Programme - to constitute the core of its investment strategy over the five-year period. These projects offer tremendous potential for employment creation, conservation of water resources, power generation, expansion of agricultural and industrial output and exports, and development of urban and rural areas. The Government's Public Investment Programme also provides for the undertaking of complementary investments in such areas as building materials, economic infrastructure and social overheads.

9. The priorities of the second country programme are based essentially on the priorities of the Public Investment Programme, while at the same time focussing on those development areas in which technical assistance inputs from the United Nations system can be of most use. The provision of relevant expertise, training and equipment aims at the tangible transfer of technology, skills and know-how which will contribute to the building of national capabilities and self-reliance.

10. One-third of the Government's total investment for the period 1979-1983 is being directed towards economic overheads (infrastructure), and the country programme inputs to the sector are approximately of the same percentage. However, agriculture remains the single largest sector receiving UNDP assistance, in line with its large scope for expanding output and employment, import substitution and export earnings. A substantial part of the activity in other sectors is also related to the agriculture sector; hence, the range of agriculture-oriented activities is actually much greater than the 30 per cent of the earmarkings directly attributable to the sector. The programme also complements capital and technical assistance resources provided by other multilateral and bilateral sources.

IV. Content and phasing of the country programme

11. As the first programme was completed in December 1976 and the new Government's five-year public investment strategy (1979-1983) was not promulgated until May 1979, it was agreed that the second programme should cover the full period of 1977-1983.

Principally because the second programme exercise was not completed until almost half-way through the seven-year programme period, a major portion (59 per cent) of the resources was already committed to ongoing and approved projects. However, only 22 per cent of the resources are allocated to projects initiated in the first programme period, with the remaining amount having been programmed and approved for new activities on a carefully planned basis since 1977.

12. In addition to providing technical assistance in specific project areas, attention will also be given to assisting the Government in preparing projects to mobilize further investment. Resources have been allocated for six projects which are designed to improve the planning and project preparation capacity in the Government and its development ministries. Almost $4 million has been earmarked for activities under the World Bank-executed multisectoral programme for project preparation. Thus, pre-investment activities continue to form an important part of the technical co-operation activities financed by UNDP.

13. Consonant with the Government's policy of decentralization and its emphasis on rural and regional development, a significant number of new projects will be addressed to development activities outside of the major urban centres of Colombo and Kandy. Projects originally of an institution-building nature will be expanded to incorporate extension and rural development activities.

14. As Sri Lanka is endowed with highly qualified and competent personnel, there is a trend in the programme towards reducing the number of long-term advisers and increasing short-term consultancies by highly specialized advisers in specific fields. Similarly, efforts will be made to increase the employment of national consultants and subcontractors, the local purchase of equipment and Government execution. Other programme trends in line with "New Dimensions" include the introduction of the concepts of costsharing and the allocation of resources for the Transfer of Knowledge Through Expatriate Nationals (TOKTEN). Due attention will also be given to global United Nations priorities, such as the promotion of women's role in development, the inclusion of environmental considerations in project implementation, and the promotion of technical co-operation among developing countries.

Table 3

Sectoral breakdown of programmed resources

Sector	On-going projects		New projects		Total	
	Value ($000)	Per cent	Value ($000)	Per cent	Value ($000)	Per cent
Agriculture (including forestry and fisheries)	9 002	30	6 443	31	15 445	30
Social overheads (education, employment and health)	6 576	22	5 890	28	12 466	25
Infrastructure	12 360	42	5 176	25	17 536	35
Industry	1 886	6	3 425	16	5 311	10
Total programmed	29 824	100	20 934	100	50 758 a/	100

a/ Excludes unprogrammed reserve of $1.6 million.

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Table 4

Phasing of the country programme

A. Amounts programmed

Year	($ 000)
1977 (actual)	3 900
1978 (actual)	4 800
1979	6 500
1980	7 700
1981	7 800
1982	7 900
1983	8 100
Adequate programming provision	5 700
Total:	52 400

B. Resources taken into account for programming

Resources available		
(a) IPF 1977-1981	31 500 000	
(b) Less over-expenditure 1972-1976	(2 800 000)	
(c) Plus borrowing from 1982-1986 IPF	2 000 000	
(d) Plus 1982-83 estimated IPF availability	16 000 000	
Subtotal	46 700 000	46 700 000
Provision for over-commitment		
(a) Plus 15 % provision for adequate programming	5 700 000	
Subtotal		5 700 000
Total resources taken into account for programming		52 400 000

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V. Recommendation of the Administrator

15. In the light of the views expressed above, the Administrator recommends that the Governing Council:

(a) Approve the proposed UNDP country programme for Sri Lanka for the duration of its programme period within the limits of Indicative Planning Figure for 1977-1981, taking into account the balance of over-expenditure of its 1972-1976 Indicative Planning Figure; and

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the country programme while ensuring, in accordance with the decision of the Governing Council at its eighteenth session (E/5543/Rev.1, paragraph 31), that expenditures are kept in reasonable conformity with the relevant Indicative Planning Figures and are contained within the financial resources available at any given time.